

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2010-5-G

November 3, 2010

IN RE:)	
)	
Annual Review of Purchased)	SETTLEMENT AGREEMENT
Gas Adjustment and Gas Purchasing)	
Policies of South Carolina Electric &)	
Gas Company)	
_____)	

This Settlement Agreement (“Settlement Agreement”) is made by and between the South Carolina Office of Regulatory Staff (“ORS”) and South Carolina Electric & Gas Company (“SCE&G” or “Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”);

WHEREAS, on June 16, 2010, the Public Service Commission of South Carolina (“Commission”) issued the notice of hearing for the 2010 Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies (“PGA”) of SCE&G;

WHEREAS, the purpose of this proceeding is to review matters related to SCE&G’s gas purchasing practices and policies, administration of its purchased gas adjustment, and the recovery of its gas costs;

WHEREAS, the period under review in this docket is August 1, 2009 to July 31, 2010 (“Review Period”);

WHEREAS, ORS examined the books and records of SCE&G and conducted inquiries and analyses related to the Company's gas purchasing practices and policies, administration of its purchased gas adjustment, and the recovery of its gas costs for the Review Period;

WHEREAS, ORS determined that during the Review Period, SCE&G: a) properly administered the purchased gas adjustment and correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Order No. 2006-679 as modified by Order No. 2009-910; b) employed prudent gas purchasing practices and policies; c) recovered its gas costs consistent with applicable tariffs and Commission orders; d) conducted and administered its hedging program consistent with the authorization granted in Order No. 2006-679 and as modified in Order No. 2008-546; and e) was prepared during the Review Period and is currently prepared to meet its firm customers' projected needs via its future supply and capacity asset plans;

WHEREFORE, the Parties have engaged in discussions and in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties further agree to stipulate into the record the pre-filed direct testimony and exhibits of Martin K. Phalen, J. Darrin Kahl, Alice A. Fox, Roy H. Barnette, and Carey M. Stites without cross-examination. Furthermore, each witness will take the stand to present his or her testimony and, if necessary, make non-material changes to their testimony comparable to those that would be presented via an errata sheet or through a witness noting a correction. With respect to this Settlement Agreement, Company Witnesses Kahl and Fox are the witnesses designated to be primarily responsible for providing support for the Settlement Agreement at the hearing scheduled in this case. The Parties agree that pre-filed settlement testimony is not

6) The Parties agree that the hedging program and methodologies approved by Commission Order No. 2006-679 in Docket No. 2006-5-G were conducted and administered during the Review Period consistent with Order No. 2006-679 and as modified by Order No. 2008-546. No modifications are proposed to the hedging program and methodologies by the Parties in this proceeding.

7) SCE&G agrees to continue reporting to the Commission and ORS within 30 days following the close of each month the results of the hedging program for the preceding month, which report shall include the hedging transactions closed-out during the month, the additions to or subtractions from the cost of gas resulting from closed-out contracts, the costs of operating the program during the month, and a list of open transactions as of the last day of the month for each succeeding month.

The Parties further agree that SCE&G's hedging program shall continue to be operated independent of and shall be accounted for separate from its purchase of physical gas supply.

8) With future review periods ending on July 31, the Parties agree that future PGA hearings should be scheduled in early November.

9) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B). S.C. Code § 58-4-10(B)(1) through (3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Settlement Agreement reached among the Parties serves the public interest as defined above.

10) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

11) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair, or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty or obligation.


12) This Settlement Agreement shall be interpreted according to South Carolina law.

13) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURES ON THE FOLLOWING PAGES]

WE AGREE:


Representing the South Carolina Office of Regulatory Staff



Jeffrey M. Nelson, Esquire
Courtney D. Edwards, Esquire
South Carolina Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
Phone: (803) 737-0823
Fax: (803) 737-0895
Email: jnelson@regstaff.sc.gov

WE AGREE:

Representing South Carolina Electric & Gas Company


K. Chad Burgess, Esquire
Matthew W. Gissendanner, Esquire
South Carolina Electric & Gas Company
Mail Code C222
220 Operation Way
Cayce, South Carolina 29033-3701
Phone: (803) 217-8141
Fax: (803) 217-7931
Email: chad.burgess@scana.com
matthew.gissendanner@scana.com

Mitchell Willoughby, Esquire
Willoughby & Hoefer, P.A.
Post Office Box 8416
930 Richland Street
Columbia, SC 29202-8416
Phone: (803) 252-3300
Fax: (803) 256-8062
Email: mwilloughby@willoughbyhoefer.com

SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2010-5-G
(OVER)/UNDER REVENUE COLLECTION
FOR THE TWELVE MONTHS ENDED JULY 31, 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Total Firm Commodity Cost \$	Total Firm Sales Therms #	Commodity Cost Per Therm (1) + (2) \$	Billing Commodity Cost Per Therm \$	Difference (3) - (4) \$	Commodity (Over)/Under Collection (2) X (5) \$	Demand (Over)/Under Collection \$	Prior Month Adjustments	Total Monthly (Over)/Under Collection (6) + (7) + (8) \$	Cumulative (Over)/Under Collection \$
Ending Balance per ORS at July 31, 2009										(6,001,812)
To reverse rate change adjustment included in ORS schedule at 7-31-09 but not adjusted by SCE&G until September 2009										108,811
Less : Differences due to rounding in prior period										65
Beginning Balance at August 1, 2009 Per Company										(5,892,936)
Aug-09	2,888,027	6,731,357	0.429041	0.53366	(0.104619)	(704,228)	3,372,743			
Aug-09 - Interest @ 4.051%						(42,047)	31,233			
Uncollectibles-Commodity Only						21,202				
						(725,073)	3,403,976		2,678,903	(3,214,033)
Sep-09	2,464,223	6,910,831	0.356574	0.52093	(0.164356)	(1,135,837)	2,958,248			
Sep-09 - Interest @ 3.959%						(45,265)	40,335			
Uncollectibles-Commodity Only						5,942				
						(1,175,160)	2,998,583	(2)	1,714,612	(1,499,421)
Oct-09	5,680,337	9,255,932	0.613697	0.53944	0.074257	687,318	2,590,627			
Oct -09 - Interest @4.040%						(44,051)	50,025			
Uncollectibles-Commodity Only						(4,356)		0	3,279,563	1,780,142
						638,911	2,640,652			
Nov-09	9,351,953	14,015,823	0.667243	0.53944	0.127803	1,791,264	(47,679)			
Nov-09 - Interest @ 3.853%						(36,402)	22,706			
Uncollectibles-Commodity Only						(828)				
Nov-09 - Unbilled Revenue Adjustment						1,754,034	(7,788,311)	0	(6,059,250)	(4,279,108)
						(7,813,284)				
Dec-09	21,117,814	27,955,134	0.755418	0.49929	0.256128	7,160,093	(3,761,639)			
Dec-09 - Interest @4.484%						(15,739)	(13,607)			
Uncollectibles-Commodity Only						1,321	7,788,311			
Dec-09 - Reverse P/M Unbilled Revenue adjustment							(14,761,852)			
Dec-09 - Unbilled Revenue Adjustment						7,145,675	(10,748,787)	0	(3,603,112)	(7,882,220)
Jan-10	31,519,567	48,637,288	0.648054	0.55189	0.096164	4,677,156	(6,898,235)			
Jan-10 - Interest @ 4.261%						1,599	(40,554)			
Uncollectibles-Commodity Only						563				
Jan-10 - Reverse P/M Unbilled Revenue adjustment							14,761,852			
Jan-10 - Unbilled Revenue adjustment						(3)	(15,680,337)	0	(3,177,956)	(11,060,176)
						4,679,318	(7,857,274)			
Feb-10	24,734,801	41,795,077	0.591811	0.55189	0.039921	1,668,501	(5,248,508)			
Feb-10 - Interest @4.245%						7,517	(62,721)			
Uncollectibles-Commodity Only						4,244				
Feb-10 - Reverse P/M Unbilled Revenue adjustment							15,680,337			
Feb-10 - Unbilled Revenue adjustment						(3)	(16,647,777)	0	(4,598,407)	(15,658,583)
						1,680,262	(6,278,669)			

SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2010-5-G
(OVER)/UNDER REVENUE COLLECTION
FOR THE TWELVE MONTHS ENDED JULY 31, 2010

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Total Firm Sales Terms	Commodity Cost Per Therm (1) + (2)	Billing Commodity Cost Per Therm	Difference (3) - (4)	Commodity (Over)/Under Collection (2) X (5)	Demand (Over)/Under Collection	Prior Month Adjustments	Total Monthly (Over)/Under Collection (6) + (7) + (8)	Cumulative (Over)/Under Collection
Total Firm Commodity Cost									
Mar-10	14,437,580	0.367846	0.55189	(0.184044)	(7,223,547)	(4,374,571)			-
Mar-10 - Interest @ 4.487%					(18,957)	(45,306)			-
Uncollectibles-Commodity Only					21,307				-
Mar-10 - Reverse P/M Unbilled Revenue adjustment					(4)	16,647,777			-
Mar-10 - Unbilled Revenue adjustment					(3)	(6,599,469)			-
					<u>(7,221,197)</u>	<u>5,628,431</u>	0	(1,592,766)	(17,251,349)
Apr-10	3,916,288	0.255194	0.52911	(0.273916)	(4,203,604)	792,510			-
Apr-08 - Interest @4.310%					(33,184)	(26,386)			-
Uncollectibles-Commodity Only					54,515	0			-
Apr-10 - Reverse P/M Unbilled Revenue adjustment					(4)	6,599,469			-
Apr-10 - Unbilled Revenue adjustment					(3)	(2,575,661)			-
					<u>(4,182,273)</u>	<u>4,789,932</u>	0	607,659	(16,643,690)
May-10	3,303,714	0.383349	0.47717	(0.093821)	(808,552)	1,480,554			-
May-10 - Interest @3.950%					(32,994)	(18,129)			-
Uncollectible-Commodity Only					57,496				-
May-10 - Reverse P/M Unbilled Revenue adjustment					(4)	2,575,661			-
May-10 - Unbilled Revenue adjustment					(3)	(2,190,879)			-
					<u>(784,050)</u>	<u>1,847,207</u>		1,063,157	(15,580,533)
Jun-10	2,776,794	0.356506	0.47717	(0.120664)	(939,843)	1,614,806			-
Jun-09 - Interest @ 3.606%					(32,719)	(11,724)			-
Uncollectibles-Commodity Only					106,920				-
Jun-10 - Reverse P/M Unbilled Revenue adjustment					(4)	2,190,879			-
Jun-10 - Unbilled Revenue adjustment					(3)	(2,182,008)			-
					<u>(865,642)</u>	<u>1,611,953</u>	0	746,311	(14,834,222)
Jul-10	3,048,989	0.442034	0.47717	(0.035136)	(242,355)	1,495,547			-
Jul-09 - Interest @ 3.559%					(29,671)	(10,480)			-
Uncollectibles-Commodity Only					73,103				-
Jul-10 - Reverse P/M Unbilled Revenue adjustment					(4)	2,182,008			-
Jul-10 - Unbilled Revenue adjustment					(3)	(2,211,281)			-
					<u>(198,923)</u>	<u>1,455,794</u>	0	1,256,871	(13,577,351)
Totals	<u>125,240,087</u>				<u>745,882</u>	<u>(8,321,486)</u>	<u>(108,811)</u>	<u>(7,684,415)</u>	
Cumulative (Over)/Under Collection at July 31, 2010									(13,577,351)

Note (1): These amounts reflect, on a monthly basis, the commodity cost of gas associated with accounts deemed uncollectible, as approved by Commission Order No. 2006-679 dated November 13, 2006.

Note (2): This amount was included in the ORS ending balance for July 2009 but was not adjusted on the Company books until September 2009.

Note (3): This amount represents the adjustment for unbilled revenue as approved in Docket No. 2009-5-G, Order No. 2009-910 dated December 29, 2009.

Note (4): This amount is the reversal of the prior month unbilled revenue adjustment.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2010-5-G

IN RE:

Annual Review of Purchased Gas Adjustment)	
and Gas Purchasing Policies of South)	CERTIFICATE OF
Carolina Electric & Gas Company)	SERVICE
)	

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

K. Chad Burgess, Assistant General Counsel
Catherine D. Taylor, Esquire
South Carolina Electric & Gas Company/SCANA Corporation
MC C222
220 Operation Way
Cayce, SC, 29033-3701

Mitchell Willoughby, Esquire
Benjamin P. Mustian, Esquire
South Carolina Electric & Gas Company
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, SC, 29202


Chrystal L. Morgan

November 3, 2010
Columbia, South Carolina